

16.202-2 Application.

A firm-fixed-price contract is suitable for acquiring commercial items (see [parts 2](#) and [12](#)) or for acquiring other supplies or services on the basis of reasonably definite functional or detailed specifications (see [part 11](#)) when the contracting officer can establish fair and reasonable prices at the outset, such as when-

- (a) There is adequate price competition;
- (b) There are reasonable price comparisons with prior purchases of the same or similar supplies or services made on a competitive basis or supported by valid certified cost or pricing data;
- (c) Available cost or pricing information permits realistic estimates of the probable costs of performance; or
- (d) Performance uncertainties can be identified and reasonable estimates of their cost impact can be made, and the contractor is willing to accept a firm fixed price representing assumption of the risks involved.

Parent topic: [16.202 Firm-fixed-price contracts.](#)